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SUBJECT: ARGENTINA'S PRESUMPTIVE NEXT PRESIDENT: OPEN TO A
REAPPROACHMENT WITH THE UNITED STATES?

Classified By: Classified by Ambassador E. Anthony Wayne
for reasons (B) and (D).

Summary

1. (C) Cristina Kirchner appears headed to be Argentina's next President. While she will not likely break significantly from the policies of her husband, it looks like she will be much more interested in international affairs and more attentive to relations with other countries, including the United States. Cristina Kirchner is politically left of center, but she also seems both more committed to principles than her husband, including support for human rights and democracy. She has recently expressed publicly favorable views of some aspects of the United States, including its universities and its democratic institutions. Senator Kirchner has also gone out of her way on several occasions to seek out the Ambassador, something which her husband has never done. She publicly recognizes Argentina's need for foreign investment and its potential niche in high tech and culture industries while defending protecting domestic industry. It is not clear, however, how well she understands what is needed to attract and maintain international investment or to manage the challenges of Argentina's economic model which she will face her first year in office. She is critical of certain U.S. policies, including our approach to Iraq, Guantanamo and the Middle East peace process. Nevertheless, Cristina Kirchner is our likely next interlocutor as leader of Argentina and she is signaling an openness distinct from that of her husband. We should look for opportunities to help open the door to better communications and relations when she visits New York in September and, later this year, if she wins the October 28 presidential elections as expected. End Summary.

Status Quo: Distance from the United States

12. (C) Foreign policy, in general, and U.S.-Argentine relations, in particular, have been put on a back burner by President Kirchner for the past couple of years. Practical cooperation continues, but if the relationship appears to assume too high of a profile, Kirchner pulls it back. Kirchner's focus on domestic politics is longstanding but much of his approach to capping US-Argentine relations seems rooted in his decision to rely on Hugo Chavez for financing of Argentine bonds and other commercial opportunities. Kirchner also seeks to exploit the very high levels of anti-American sentiment evident in Argentina, which makes occasional blasts at the United States a political asset in his view. However, this distancing from the USG and ties to Chavez have come under heightened scrutiny and criticism in recent months. Simultaneously, there are signs that presidential candidate and first lady Cristina Kirchner seeks more dynamic and multifaceted relations with other countries, including the United States. Only time will tell, but a positive evolution in Senora Kirchner's thinking seems the best hope in the near term for a more positive overall cast to bilateral relations.

Keep it Low Profile

13. (C) During the Ambassador's first ten months in Argentina, we have encountered a great deal of good will at ministerial levels and below for serious cooperation with the USG. Even when there are differences, most officials seek to work these out in private. However, there are clear limits that ministers feel about how enthusiastic they can be in

public, and President Kirchner has regularly chosen to pull things back a notch if it appears in the press that U.S.-Argentine relations are getting too positive. A close advisor to Cristina Kirchner told Ambassador recently that President Kirchner made a decision almost two years ago to keep bilateral relations &low-profile8 and has acted to maintain them in that state since. He is very happy with on-going cooperation on security matters and very much wants more U.S. investment, but he is not interested in any higher profile government-to-government relations, according to this contact. Rather than focusing on trying to arrange ministerial visits or contacts between now and the October 28 Argentine elections, this advisor said the embassy should work on student, sports, and cultural exchanges that chip away at anti-Americanism here and prepare for what will be a more open-minded approach by Cristina Kirchner.

Kirchner's Anti-Americanism: Financial and Political Motives

14. (C) Other officials and observers have repeatedly argued that Kirchner sees the importance of the Chavez connection in the Venezuelans' willingness to serve as a intermediary to sell Argentine bonds internationally, as a source of commercial opportunities for Argentine business, and as a potential source of energy supplies and investment capital. "It's all about access to resources" one top diplomat told the Ambassador recently. For Kirchner, the domestic cost of this policy until recently has been low. In fact, he benefited domestically. Many appreciated him bringing home economic benefits and savored his willingness to show a bit of distance from the United States, given the region-leading levels of antipathy for U.S. policies registered in Argentina. The high point of this tilt is when he agreed to Chavez's request in March to organize a rally in Buenos Aires while President Bush visited Uruguay. Yet that event, where Chavez lashed out at the United States, generated much critical comment locally of Kirchner's actions.

Isolation and Scandal

15. (C) Kirchner plays to a domestic audience, paying little

attention to the international repercussions of his statements or actions. He recently questioned the profit levels of Spanish companies operating in Argentina, accused major German banks of conspiring against Argentina, and continued to strike out at the IMF as French IMF candidate Dominique Strauss-Kahn visited to win support to head that institution. In recent months, however, several analysts and editorialists from the right have begun to pound away at the costs of Kirchner,s neglect of relations with most countries, including the United States, and cozying up to Venezuela. They have noted that international visitors have been avoiding Argentina, leaving it isolated and with good ties to less than a handful of countries (Venezuela, Brazil, Spain and Bolivia). Worse yet, they argue, Argentina has become increasingly irrelevant because of Kirchner,s international tactics, including his economic reliance on Chavez. In much more guarded tones, top Argentine diplomats have lamented the same trends and revealed the hope for a change after October's elections. The August \$800,000 &suitcase8 scandal has led to a flood of sharp questioning about the close ties to Chavez.

Starting to Reach Out

¶6. (C) Cristina Kirchner began signaling several months ago that she wants to use a different approach in dealing with other countries. Her recent travel to Spain, Mexico and the United States, upcoming trips to Germany, Austria, Brazil, Chile and the United States for the UNGA opening, and her meetings with international business groups are intended to send the message that she will pay more attention to relations with other countries and be more open to listening, senior Foreign Ministry and those close to her say. They present this new approach as post-recovery Argentina being in a position where it can again focus more attention on international affairs: Argentina has changed, so our interactions can change. They say this is a new opportunity for Argentine diplomacy. Clearly, Senator Kirchner also enjoys international affairs more than her husband. Even an editor of the highly critical La Nacion daily confided to the Ambassador last week that he recognizes the possibility that Cristina Kirchner may accept the importance of listening to other countries, and the September 5 edition of La Nacion gave very positive coverage of the opening event in her September 4th speech to a large business audience.

Sending Signals to the United States

¶7. (C) Among her outreach, the Senator has chosen to include signals to the United States. She recently made a point of welcoming, with a significant speech on education, the decision of New York University to reopen its campus in Buenos Aires, publicly praising aspects of the U.S. university and research system and notably seeking out the U.S. Ambassador after the speech. She did the same thing after her speech to the Council of America,s conference here (which was widely commented in the press), and she has chosen to include in her campaign web site a photo and reference to her last meeting with the Ambassador. These are all steps that we would not expect from her husband, President Kirchner. Similarly, the Senator has a full agenda for her September visit to New York during the UNGA opening, which includes meetings with U.S. businesses, bankers, and educators among others.

Left of Center, But ...

¶8. (C) A very close associate of the Senator told the Ambassador that she sincerely enjoys the United States and particularly has valued her opportunities to meet with university students. He notes that she will be open to expanding ties with the United States, but also cautions that

she has always been left-of-center and often argued strenuously for principled positions in the past. He and others say that this can be both good and bad from a U.S. perspective: on the one hand, she often has argued strongly in favor of protecting human rights and democracy, while her husband has been less concerned with principle and more interested in concrete benefits. Thus, she is credited with bolstering his position vis-a-vis a human rights case with Cuba involving a split family. Although she boldly asserted to the Ambassador that Venezuela had no restrictions on press freedom and has defended Chavez in public, she is also widely rumored to be less positive in private on the relationship with Chavez than her husband. (Earlier this year, she accepted an invitation to address Venezuela's umbrella Jewish federation, which had expressed concern at Chavez's growing ties to the Iran regime.) On the other hand, she is very critical of the U.S. approach in Iraq and at Guantanamo and frankly raised her views in private with the Ambassador. Her close associate says that she realizes that being president will be her first time in an executive position and that she will need to temper her principled positions with the need to govern. He says that this is behind both her outreach to other countries and her calls for a social dialogue and

compact inside Argentina. As one senior Argentine diplomat put it: she probably feels more at ease with the Democrats in the United States than the Republicans, but dealing with governments is what you do when you govern.

¶9. (C) Similarly, on the economic front, Cristina Kirchner has been clear that she wants to court international investors and national business leaders, while defending the economic model developed by her husband. This vision includes, for example, fostering both international investment and a stronger Argentine business community based in part on protection of some domestic sectors. It is not clear how she envisions establishing a welcoming investment climate, fostering a national bourgeoisie, strengthening Argentina's high tech sector, protecting its industrial base, and moving out of the price and inflation challenges that current economic policies have engendered. The fact that the Senator includes outreach to international actors and praises the role of international firms in Argentina is welcome, even though the practical impact still needs to be seen. These contradictions were evident in her September 4th 90-minute talk on economic matters before 500 national and international business representatives. Nonetheless, the business audience was at least as positively impressed by her call for dialogue and cooperation as it was critical of shortcomings in her specific comments.

Conclusion

¶10. (C) Although we can expect much continuity in a Cristina administration, it is also quite likely that Cristina will seek some areas where she can distinguish her administration from her husband's. Given her greater interest in travel and world affairs, we expect she will pay more attention to foreign policy and international relations than her husband has. Her desire to dabble in policy or strut on the world stage may have to give way to other demands on her time, and it is quite possible that she will be consumed by one crisis after another. We do see hopeful signs, however, that she is interested in improving U.S.-Argentine relations. That said, we harbor no illusions about the limited extent of her pro-U.S. inclinations, and can easily imagine her resorting to anti-U.S. rhetoric whenever it is to her political advantage to do so.

WAYNE